

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

**REALTIME DATA, LLC,
d/b/a IXO,**

Plaintiff,

v.

T-MOBILE, U.S.A., INC.,

Defendant.

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No. 6:10cv493 RC-JDL

JURY DEMANDED

MEMORANDUM OPINION

Before the Court is T-Mobile’s Motion for Leave to Supplement Trial Witness List and Invalidation Contentions (Doc. No. 537). The matter was fully briefed (Doc. Nos. 546, 553 & 559). The Court heard argument on January 10, 2013 and denied the motion from the bench. The Court did, however, make comments stating it would look further into the NettGain 1100 prior art. Having considered the matter further, the Court finds T-Mobile was not diligent in pursuing NettGain 1100 as prior art, and therefore, T-Mobile’s motion is **DENIED**.

BACKGROUND

On September 23, 2010, Plaintiff Realtime Data, LLC (“Realtime”) filed suit against T-Mobile, USA, Inc. (“T-Mobile”), accusing T-Mobile’s Flash Harmony system of infringing U.S. Patent Nos. 7,161,506 (“the ‘506 patent”) and 7,352,300 (“the ‘300 patent”). The ‘506 and ‘300 patents have a priority date of October 29, 2001. MTN AT 1, n.2. T-Mobile served invalidity contentions in June 2011. DFTS’ SLIDES. Third-party Flash then produced a number of documents in June 2012, some of which contained technical documents regarding the NettGain 1100 product. MTN AT 5. Then, on November 23, 2012, Flash discovered the existence of NettGain 1100 documents in the possession of former Flash employees Yoav and Galia Weiss,

now living in rural France. *Id.* at 6. These documents indicated that AT&T Wireless (“AT&T”) implemented the NettGain 1100 product in 2001. *Id.* Flash then turned the documents over to T-Mobile on November 30, 2012. *Id.* at 7. T-Mobile, in turn, produced these documents to Realtime on December 5, 2012. *Id.* On December 17, 2012, T-Mobile filed its motion to supplement invalidity contentions to include the NettGain 1100 product as prior art. *Id.* at 1.

On January 10, 2013, the Court heard argument and denied T-Mobile’s motion. The Court directed the parties to proceed to trial—scheduled for February 4, 2013—without the NettGain 1100 (“NettGain”) product due to its late disclosure. Although the Court did not state that it found T-Mobile to be diligent in the matter, it did state it would look at the issues further.

LEGAL STANDARD

The Local Patent Rules “exist to further the goal of full, timely discovery and provide all parties with adequate notice and information with which to litigate their cases.” *Computer Acceleration Corp. v. Microsoft Corp.*, 503 F. Supp. 2d 819, 822 (E.D. Tex. 2007); *see also Nike, Inc. v. Adidas Am. Inc.*, 479 F. Supp. 2d 664, 667 (E.D. Tex. 2007); *Realtime Data, LLC v. Packeteer, Inc.*, No. 6:08-cv-144, 2009 WL 2590101, at *5 (E.D. Tex. Aug. 18, 2009).

Patent Rule 3-3 requires that “each party opposing a claim of patent infringement, shall serve on all parties its ‘Invalidity Contentions’ which must contain . . . [t]he identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious.” P.R. 3-3 (a). In addition, defendants shall indicate whether the prior art is anticipatory or renders the asserted claims obvious, as well as supply a chart identifying where each element of every asserted claim is contained in the prior art. P.R. 3-3 (b) & (c).

Leave to amend is required when a plaintiff seeks to amend or supplement infringement contentions and may be granted upon a showing of good cause. P.R. 3-6. When determining

whether leave to amend is appropriate, the Court considers: (1) the explanation for failure to meet the deadline; (2) the importance of the thing that would be excluded; (3) the potential prejudice in allowing the thing that would be excluded; and (4) the availability of a continuance to cure such prejudice. *S & W Enters., L.L.C. v. Southtrust Bank of Ala., NA*, 315 F.3d 533, 536 (5th Cir. 2003).

DISCUSSION

I. The Parties' Contentions

T-Mobile contends that recently discovered information shows that NettGain was in public use prior to the filing of the '506 and '300 patents. MTN AT 1. Moreover, T-Mobile maintains that NettGain anticipates the asserted claims and is therefore vital to its invalidity case. *See id.* at 1-2, 7-9. Thus, T-Mobile wishes to supplement its invalidity contentions with NettGain and consequently amend its trial witness list to include Yoav and Galia Weiss, fact witnesses with knowledge of the newly discovered NettGain documents. *Id.* at 1.

T-Mobile asserted that it diligently pursued technical documents that showed NettGain is anticipatory prior art. *Id.* at 3-7. In accordance with its obligations, Flash searched for relevant documents, which were timely produced. *Id.* at 3-5. It was not until November 2012 that Flash discovered that a former employee had relevant NettGain documents that sufficiently detailed NettGain's technical aspects such that T-Mobile could specifically identify NettGain 1100 as prior art under 35 U.S.C. § 102. *Id.* at 5-6. Upon discovery of those documents, T-Mobile immediately produced them to Realtime. *Id.* at 7. T-Mobile further argued that allowing amendment of its invalidity contentions to include NettGain would not have been prejudicial to Realtime because (1) Realtime had knowledge of NettGain 1200, NettGain 1100's successor; (2) Realtime had possession of NettGain 1100 documents before the fact discovery deadline; and (3)

Realtime would have an opportunity to depose Yoav and Galia Weiss, the persons in possession of the newly discovered NettGain documents. *Id.* at 10.

Realtime responded, maintaining that T-Mobile was not diligent in its efforts to explore the NettGain 1100 product. According to Realtime, as of September 2011, T-Mobile was in receipt of an agreement between Flash and AT&T memorializing the use of NettGain 1100. RESPONSE AT 3. Moreover, the “new” documents are similar, if not identical, to those produced in September 2011. *Id.* at 4. Finally, Realtime points out that T-Mobile may have been diligent in pursuing “new” NettGain documents in November and December 2012, but T-Mobile has failed to point to any efforts prior to November 2012 in locating NettGain 1100 technical documents. *Id.* at 9. Moreover, T-Mobile knew of Flash’s relationship with AT&T, and therefore, implicitly knew of NettGain’s prior use. *See id.* at 9-10. As to NettGain’s importance, Realtime argues that T-Mobile has not shown why NettGain is so vital to its invalidity case; T-Mobile has not pointed out how NettGain is any more important than T-Mobile’s other invalidity theories. *Id.* at 10-11. Finally, Realtime contends it will be prejudiced if NettGain 1100 were included in the case at this late date; Realtime would be required to conduct additional discovery to determine whether NettGain 1100 is prior art, as well as whether it was in prior use. *Id.* at 12. Further, Realtime narrowed its asserted claims and prepared expert reports based on T-Mobile’s current invalidity theories. *Id.* at 13.

II. Diligence

Under the circumstances, T-Mobile has failed to show it was diligent in amending its invalidity contentions. At the hearing, in an effort to show that Realtime had notice of NettGain 1100 earlier in the litigation, T-Mobile referred to an email to Realtime’s counsel, dated June 15, 2012, mentioning the Flash NettGain products as prior art. *See* EX. 2, ATTACHED TO REALTIME

LETTER BRIEF (Doc. No. 583). It is also worth noting that T-Mobile knew of NettGain's relevance to the '300 and '506 patents; Realtime accused NettGain 1200, the successor to NettGain 1100, in its infringement contentions back in April 2011. Yet, despite T-Mobile's knowledge of NettGain products, as well as indications that NettGain products are potentially important prior art, NettGain 1100 was not set forth in T-Mobile's invalidity contentions until December 2012. While T-Mobile contends it did not have sufficient technical details to adequately set forth NettGain 1100 as prior art in invalidity contentions as of June 2012, T-Mobile could have nevertheless included the art, providing both notice to Realtime, as well as permitting T-Mobile the opportunity to further develop the NettGain 1100 theory.

Especially glaring is the absence of sufficient explanation as to T-Mobile's activities between production of the Flash documents in June 2012, not to mention T-Mobile's email in June 2012, and the discovery of "new" Flash documents in November 2012. With the knowledge T-Mobile had about NettGain 1100, and its apparent conclusion as of June 2012 that it was applicable to some extent, it is unclear why T-Mobile did not vigorously pursue further documentation and information from Flash and other sources. T-Mobile attempts to explain why it was unable to locate technically detailed documents earlier in the litigation, noting an IT upgrade at Flash that made it difficult to locate documents prior to 2007, as well as stating that the documents produced by AT&T did not contain any documents related to NettGain 1100 prior to 2001, but these details do not explain why T-Mobile was unable to amend its invalidity contentions with the information it did have in June 2012.¹ *See id.* at 4 & 6, n.7. Nor does it

¹ While the Court focuses on T-Mobile's activities after June 2012, it is important to note that there is some evidence indicating T-Mobile knew of NettGain 1100 as early as September 2011 based on the Flash-AT&T Agreement. *See* RESPONSE AT 3. The Court's analysis of T-Mobile's lack of apparent activity since June 2012 could equally apply to T-Mobile's failure to act after September 2011.

adequately explain why T-Mobile was stymied by these circumstances when it was clear that NettGain products, including the 1100, were important to its invalidity case.

Moreover, a comparison of the new and old documents indicates there was likely sufficient information in the old documents to enable T-Mobile to assert NettGain 1100 as anticipatory prior art. Diagrams and figures seem similar, as does the information set forth in the documents. Admittedly, the new documents are more technically detailed; however, the purpose of invalidity contentions is to provide notice while discovery is intended to develop details so that legal theories become more concrete as the litigation progresses. *O2 Micro Intern. Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1365-66 (Fed. Cir. 2006). Thus, while the new NettGain documents provide more detailed technical specifications, T-Mobile had sufficient information as of June 2012 to put Realtime on notice of NettGain 1100. In sum, T-Mobile has not shown the requisite diligence to allow amendment of its invalidity contentions at such a late stage in the litigation.

III. Importance of the Art

As to NettGain's importance, the Court finds that T-Mobile's lack of diligence speaks to the importance of the art. That is to say, if NettGain 1100 is as important as T-Mobile contends, T-Mobile should have acted with a commensurate amount of diligence. Instead, despite having the "old documents" and sending Realtime the June 2012 email, T-Mobile did not act on NettGain 1100 until December 2012.

IV. Potential Prejudice

In addition, Realtime would be prejudiced if the Court granted T-Mobile's motion. Realtime would be required to conduct additional discovery in a two-month time span, as well as supplement expert reports. It is likely that making Yoav and Galia Weiss available for

deposition cannot cure the potential prejudice; the late disclosure of NettGain makes it very difficult to conduct additional depositions while also preparing for trial less than a month away. Considering the advanced stage of the litigation and the lack of notice regarding NettGain as asserted prior art, Realtime would suffer great prejudice if NettGain 1100 were added to T-Mobile's invalidity theory.

V. Availability of Continuance

In addition, the Court's docket does not permit a continuance of deadlines in this case. The parties have been aware of the February 2013 trial date for nearly two years. Yet, T-Mobile moved to add NettGain 1100 in December 2012. Moreover, the Honorable Ron Clark is traveling from Beaumont, Texas for this particular setting. Under these circumstances, and given T-Mobile's lack of diligence, a continuance is unavailable to add NettGear 1100 as prior art.

CONCLUSION

On balance, T-Mobile has failed to show good cause to amend its invalidity contentions. The lack of diligence, along with the great potential for prejudice against Realtime leads the Court to conclude that NettGain 1100 should not be included in this action. Therefore, T-Mobile's Motion for Leave to Supplement Trial Witness List and Invalidity Contentions is **DENIED**.

So ORDERED and SIGNED this 8th day of February, 2013.



JOHN D. LOVE
UNITED STATES MAGISTRATE JUDGE